

Fiscal Year 2019 Third Quarter Results Presentation



STOCK CODE : 9449

Supplementary Materials

November 12, 2019

Significant Group Companies

139 Group Companies (112 consolidated, 20 non-consolidated, 4 equity method affiliates, 3 non-equity method affiliates) *As of September 2019

Internet Infrastructure

- ★ GMO Internet, Inc. (TSE:9449)
- ★ GMO Payment Gateway, Inc. (TSE:3769)
- ★ GMO CLOUD, Inc. (TSE:3788)
- ★ GMO Pepabo Inc. (JASDAQ: 3633)

GlobalSign K.K.
GMO CARS, Inc.
GMO MAKESHOP Co. Ltd.
GMO Commerce, Inc.
GMO Epsilon, Inc.
GMO Payment Services, Inc.
GMO Financialgate, Inc.
Global Card System, Inc.
GMO Registry, Inc.
GMO System Consulting, Inc.
GMO Creators Network, Inc.
GMO Brights Consulting, Inc. (and other companies)

- Hokkaido Pref.
GMO DIGITAL Lab, Inc.
- Kyushu and Chugoku regions
GMO CLOUD, Inc. (Shimonoseki Branch)
GMO Pepabo, Inc. (Fukuoka Branch)
GMO Internet, Inc. (Kokura Office)
GMO Internet, Inc. (Miyazaki Office)
GMO NIKKO, Inc. (Miyazaki Office)
GMO TECH, Inc. (Miyazaki Office)
- Osaka region
GMO Internet, Inc.
(Osaka Sales Office)
GMO CLOUD, K.K.
GMO Payment Gateway, Inc.
GMO Solution Partner, Inc.
GMO DigiRock, Inc.

Internet Finance

- ★ GMO Financial Holdings, Inc. (JASDAQ:7177)
- GMO CLICK Securities, Inc.
- FX PRIME by GMO Corporation

Online Advertising & Media

- ★ GMO AD Partners, Inc. (JASDAQ:4784)
- GMO NIKKO, Inc.
- GMO AD Marketing
- GMO Insight, Inc.
- ★ GMO Research, Inc. (MOTHERS: 3695)
- ★ GMO Media, Inc. (MOTHERS: 6180)
- GMO Solution Partner, Inc.
- ★ GMO TECH, Inc. (MOTHERS: 6026)
- GMO Kumapon, Inc.
(and other companies)

Cryptocurrency

GMO Internet, Inc.
GMO Coin

Incubation

GMO Venture Partners, Inc.

Equity Method Affiliate

SMBC GMO PAYMENT, Inc.
GMO Aozora Net Bank, Ltd.

- Europe

(UK)

GMO-Z.com Trade UK LTD.

GMO GlobalSign Ltd.

(Belgium)

GlobalSign NV



(US)

GMO GlobalSign, Inc.
GMO-Z.com USA, Inc.

- Asia

GMO Globalsign China (PRC)

GMO-Z.com Forex HK Limited (Hong Kong)

GMO-Z.com PAYMENT GATEWAY HK Limited. (Hong Kong)

(UAE)

GMO GlobalSign FZ-LLC

(India)

GMO GlobalSign Certificate Services Private limited; GMO Research Pvt.Ltd.

(Myanmar)

GMO-Z.com ACE Co. Ltd.

(Thailand)

GMO-Z.com Securities Thailand; GMO-Z.com NetDesign Holdings Co.,Ltd

(Singapore)

GMO-Z.com Pte. Ltd.; GMO GlobalSign Pte. Ltd.; GMO-Z.com PAYMENT GATEWAY Pte Ltd.

(Malaysia)

MACRO KIOSK BERHAD

(Vietnam)


GMO-Z.com Runsystem JSC; GMO-Z.com Vietnam Lab Center Co. Ltd.

(Philippines)









GMO GlobalSign Inc.

★ Listed Company
(total 9 companies)

Group News (1) 3 mths to September

- | | | |
|------|---|---|
| 7/3 |  | As a Root Certificate Authority that issues and manages SSL server certificates in the domestic market, GMO GlobalSign hit the 50% market share milestone: Number one domestically for digital certificate, securing the Internet |
| 7/4 |  | Four IT companies jointly held the BIT VALLEY 2019 conference: Announcing talk session, guest speaker, workshop, and timetable, and selling tickets |
| 7/19 |  | GMO LIVE GAMES has decided to launch a theme song CD of REALIVE! and will start accepting application: Music is fully produced by Yasushi Akimoto |
| 7/24 |  | GMO ATHLETES will participate in the New Year Ekiden 2020 |
| 7/29 |  | GMO AD Marketing's in-feed ad network AkaNe byGMO is the first ad network to officially partner with Cyber Communications' DataCurrent |
| 7/30 |  | GMO Creators Network's FREENANCE byGMO launched a program FREENANCE TOMODACHI, forming alliances with companies and municipalities: Supporting freelancers and the self-employed through the use of the same-day settlement |
| 7/31 |  | Handmade market "minne byGMO Pepabo" transforms from C2C handmade market to general platform: Launches a solution for manufacturers and select shops |
| 8/5 |  | GMO AD Marketing developed its advertisement assessment system based on the AI, and implemented it in GMO SSP: Support media agencies working on protecting brands |

Group News (2) 3 mths to September

- | | | |
|------|---|---|
| 8/7 |  | GMO Epsilon launched new payment methods that are better for the Japanese market in collaboration with Wix: Customers can pay in various payment methods, such as "payment at convenience stores" and "Pay-easy," at online shops of Wix |
| 8/21 |  | FREENANCE byGMO launched the API integration with "Accounting freee": Making it simpler for customers to order the same-day settlement, loading on its own an invoice that is created in "Accounting freee" |
| 8/23 |  | Being the first in the ASP online store industry to add LINE Pay to the payment methods of MakeShop byGMO: Hold an event for existing and potential ecommerce businesses |
| 8/23 |  | GMO GlobalSign launches "GMO Online ID Verification Service: Face Recognition e-KYC byGMO": Helps introduce online ID verification (eKYC) mainly in the financial industry |
| 8/29 |  | GMO Domain Registry supports the operations of the registry management system of Myanmar's geographical Top Level Domain ".mm": Promoting ".mm" in Myanmar and other countries by collaborating with a foreign subsidiary GMO-Z.com ACE |
| 9/3 |  | Renewal of the Full Outsourcing for Fashion byGMO: "EC Business Support byGMO" provides one-stop service required to operate an ecommerce business in various industries |
| 9/13 |  | GMO Payment Gateway provides a system of smartphone payment service linked to bank account "Ginko Pay" to the Hiroshima Bank: Available at financial institutions supporting multi-bank payment function (through operation system between different banks) |
| 9/24 |  | GMO Payment Gateway has launched Linktype Plus, which does not retain credit card information: Set payment screen without the specialized programming expertise |

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE 1st Section 3769			
	Internet Infrastructure (Payment)			
	Q4 FYE 9/2018 (3mths to Sep)	Q4 FYE 9/2019 (3mths to Sep)	Q4 FYE 9/2019 (12mths to Sep)	FYE 9/2020 Forecast (YoY)
Net Sales	7,295	8,160	32,121	36,618 (14.0%)
Operating Profit	1,360	1,541	8,301	10,376 (25.0%)
Net Profit	1,239	1,014	5,267	6,110 (16.0%)

*Adopting IFRS since FYE 9/2018. Previous year’s numbers are based on IFRS.

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	JASDAQ Standard 7177			
	Internet Finance & Cryptocurrency			
	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2019 (3mths to Sep)	Q3 FYE 12/2019 (9mths to Sep)	FYE 12/2019 Forecast
Net Sales	8,882	9,048	24,919	—
Operating Profit	3,406	3,345	7,629	—
Ordinary Profit	3,561	3,229	7,418	—
Net Profit	2,286	2,123	4,628	—

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE 1st Section 3788			
	Internet Infrastructure (Hosting & Cloud, Security)			
	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2019 (3mths to Sep)	Q3 FYE 12/2019 (9mths to Sep)	FYE 12/2019 Forecast (Progress)
Net Sales	3,213	3,212	9,675	14,015 (69.0%)
Operating Profit	375	324	1,071	1,550 (69.1%)
Ordinary Profit	427	338	1,092	1,550 (70.5%)
Net Profit	301	287	920	1,010 (91.1%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	JASDAQ Standard 4784			
	Online Advertising & Media			
	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2019 (3mths to Sep)	Q3 FYE 12/2019 (9mths to Sep)	FYE 12/2019 Forecast (Progress)
Net Sales	8,426	8,289	25,779	35,000 (73.7%)
Operating Profit	28	30	280	560 (50.0%)
Ordinary Profit	68	29	306	550 (55.7%)
Net Profit	20	-0	197	295 (67.0%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	JASDAQ Standard 3633			
	Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)			
	Q3 FYE 12/2018 ^{*1} (3mths to Sep)	Q3 FYE 12/2019 ^{*2} (3mths to Sep)	Q3 FYE 12/2019 ^{*2} (9mths to Sep)	FYE 12/2019 Forecast (Progress)
Net Sales	2,073	2,271	6,690	9,200 (72.7%)
Operating Profit	109	186	692	950 (72.9%)
Ordinary Profit	151	194	716	962 (74.5%)
Net Profit	131	140	541	684 (79.2%)

*Compiled from each companies’ quarterly P/L statements

*1 Non-consolidated basis *2 Consolidated basis

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE MOTHERS 3695			
	Online Advertising & Media			
	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2019 (3mths to Sep)	Q3 FYE 12/2019 (9mths to Sep)	FYE 12/2019 Forecast (Progress)
Net Sales	736	810	2,385	3,664 (65.1%)
Operating Profit	28	38	95	326 (29.3%)
Ordinary Profit	35	33	72	307 (23.7%)
Net Profit	28	24	52	208 (25.1%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE MOTHERS 6026			
	Online Advertising & Media			
	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2019 (3mths to Sep)	Q3 FYE 12/2019 (9mths to Sep)	FYE 12/2019 Forecast (Progress)
Net Sales	753	638	1,960	2,900 (67.6%)
Operating Profit	5	18	37	30 (123.4%)
Ordinary Profit	4	16	45	30 (151.1%)
Net Profit	-70	16	142	110 (129.2%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE MOTHERS 6180			
	Online Advertising & Media			
	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2019 (3mths to Sep)	Q3 FYE 12/2019 (9mths to Sep)	FYE 12/2019 Forecast (Progress)
Net Sales	950	1,009	3,190	4,100 (77.8%)
Operating Profit	48	-2	57	20 (285.8%)
Ordinary Profit	48	-2	57	20 (285.6%)
Net Profit	34	-99	-61	-87 (-)

*Compiled from each companies’ quarterly P/L statements

Finance, Payment, and Cryptocurrency | Group relationship

Domain, hosting & cloud, provider, cryptocurrency mining

GMO Internet (TSE1)

Cryptocurrency mining

Infrastructure & Ecommerce

Rental server, hosting & cloud

GMO CLOUD (TSE1)

(GMO Internet 51.8%)

SSL server certificate

GMO GlobalSign

Domain registration, rental server, ecommerce

GMO Pepabo (JASDAQ)

(GMO Internet 65.0%)

Content production

GMO Creators Network

Payment processing service

GMO Payment Gateway (TSE1)

(GMO Internet 42.4%)

Transaction lending

GMO Epsilon

Future payment

GMO Payment Service

Offline payment

GMO Financial Gate

Net Bank

GMO Aozora Net Bank

(Aozora Bank 85.1% / GMO Internet 7.45% / GMO Financial HD 7.45%)

Finance

Financial holdings company

GMO Financial HD (JASDAQ)

(GMO Internet 63.1%)

FX trading, online securities trading

GMO CLICK Securities

FX trading

FX Prime byGMO

Cryptocurrency exchange

Cryptocurrency exchange, cryptocurrency FX

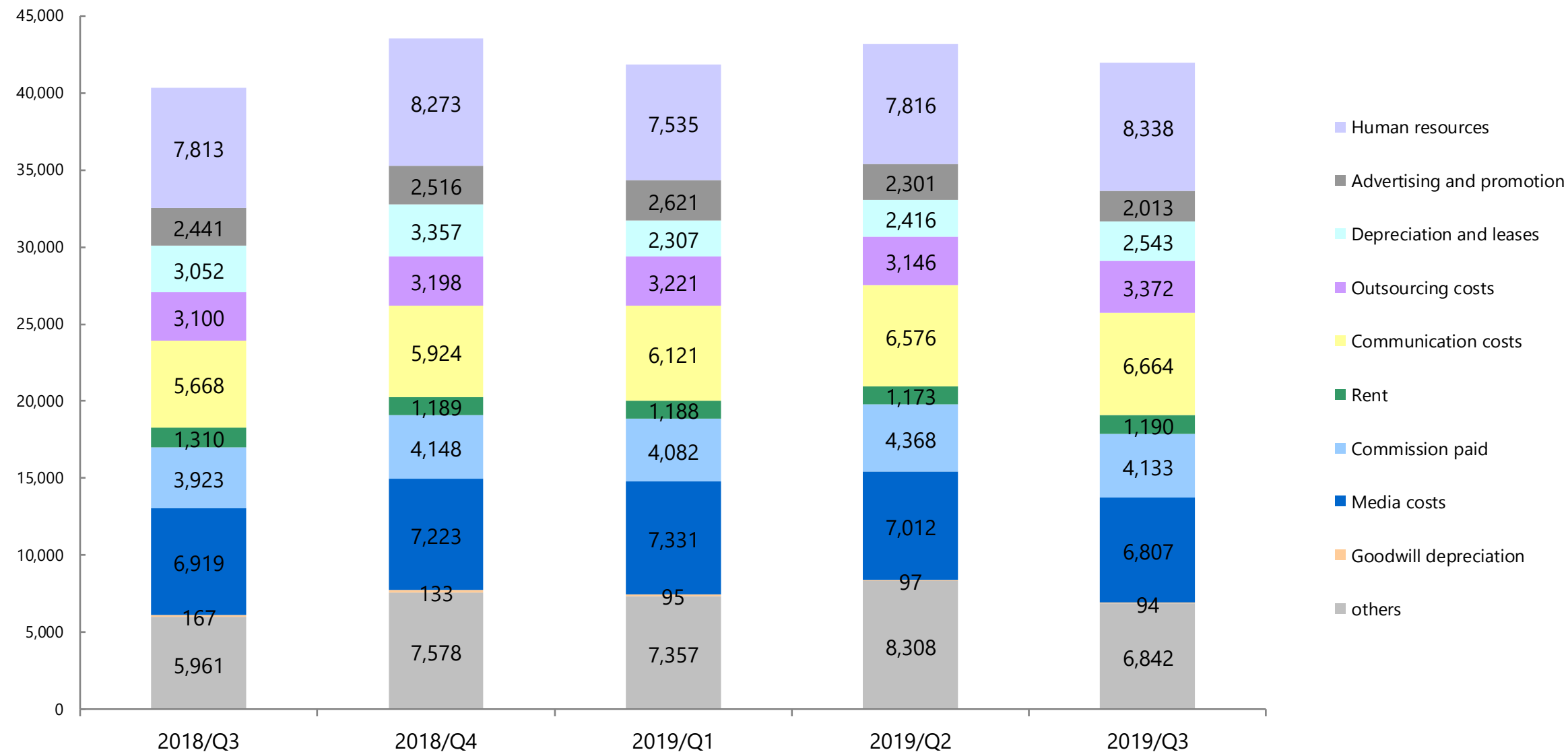
GMO Coin

Revenue Breakdown by Segment

(JPY millions)	2018/Q3	2018/Q4	2019/Q1	2019/Q2	2019/Q3
◆Internet Infrastructure					
Internet provider	6,902	7,333	7,744	8,429	8,603
Domain	2,100	2,132	2,234	2,380	2,204
Cloud & hosting	3,614	3,604	3,549	3,610	3,606
Ecommerce solutions	2,620	3,019	3,038	2,816	2,984
Security	1,503	1,573	1,580	1,563	1,543
Payment	7,304	8,182	7,838	8,027	8,418
Other	1,418	1,283	1,504	1,607	1,183
Segment total	25,465	27,129	27,489	28,434	28,544
◆Online Advertising & Media					
Internet media	2,842	2,832	2,934	2,746	2,729
Online advertising	7,895	8,282	8,341	8,064	7,779
Internet research, other	728	934	800	762	805
Segment total	11,466	12,049	12,076	11,573	11,315
◆Internet Finance					
Segment total	7,493	7,512	6,397	7,474	7,958
◆Cryptocurrency					
Cryptocurrency exchange	1,369	1,053	507	1,494	1,085
Cryptocurrency mining	1,249	1,280	786	613	487
Segment total	2,619	2,334	1,294	2,108	1,572
◆Incubation					
Segment total	107	7	328	147	2,483
◆Other Businesses					
Segment total	142	394	414	908	283
Internal Transactions Adjustment	(1,400)	(1,415)	(1,137)	(1,471)	(1,180)
Consolidated Net Sales	45,894	48,013	46,863	49,174	50,975

Cost Composition (Consolidated)

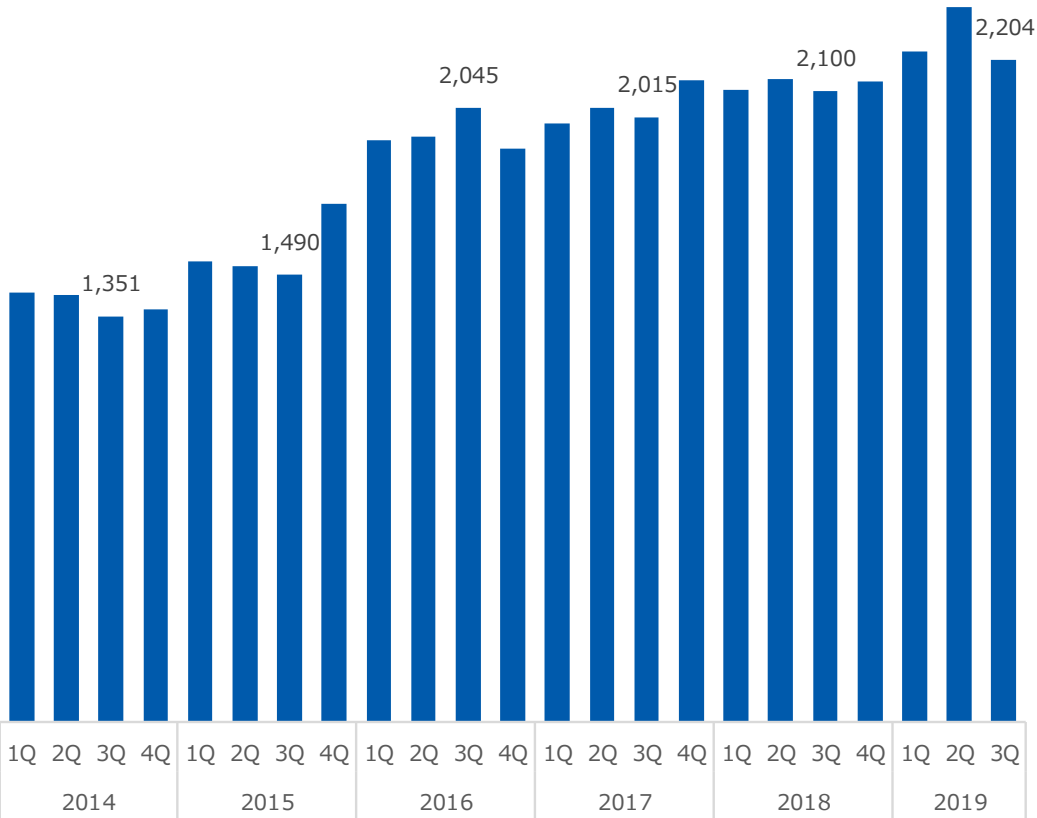
(JPY millions)



Internet Infrastructure | Domain Registration - KPIs

Revenue

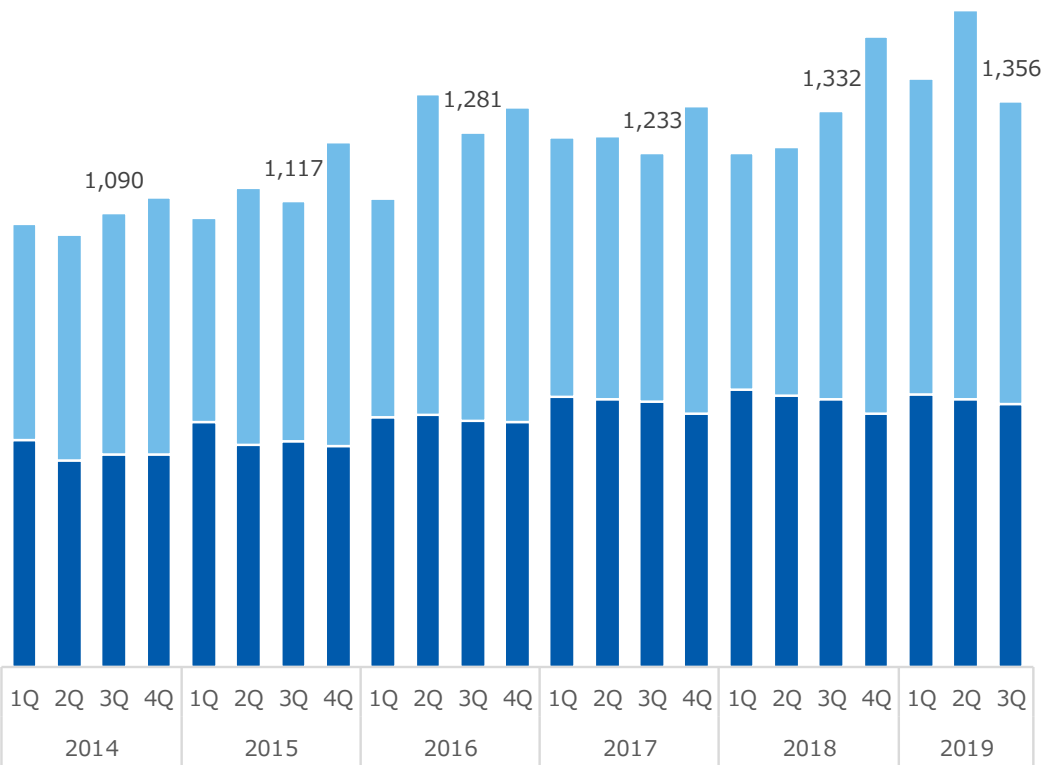
(JPY millions)



Registrations and renewals

(thousands)

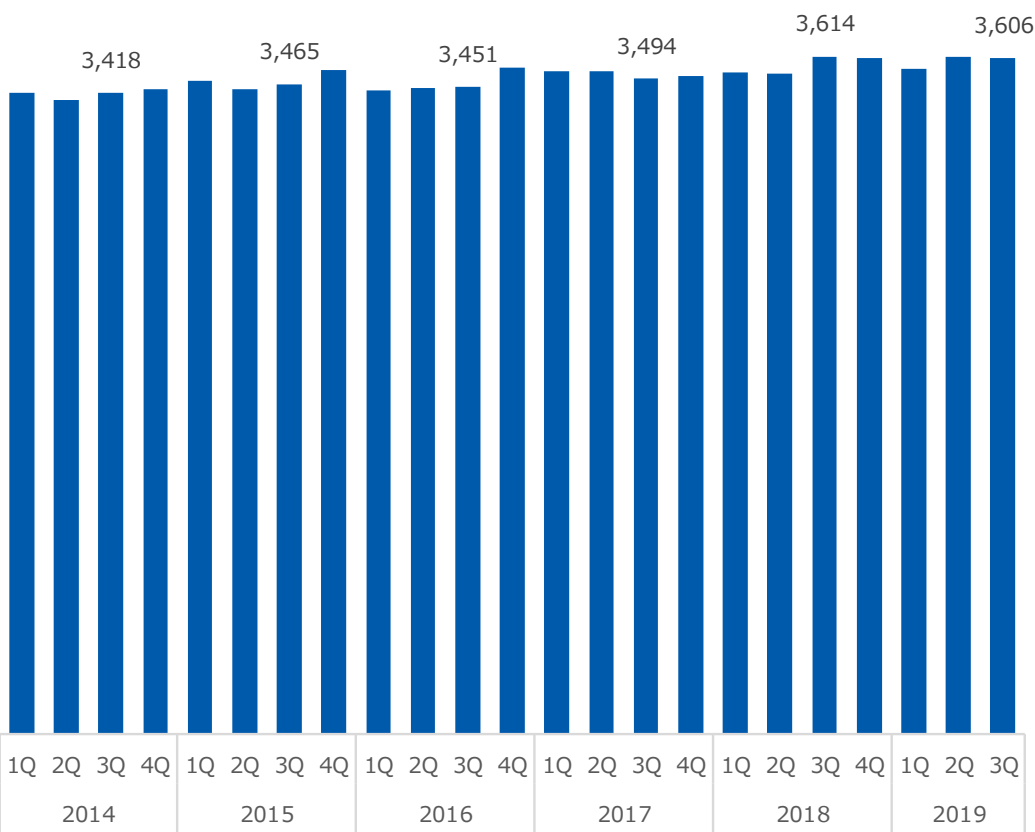
Renewals
Registrations



Internet Infrastructure | Hosting & Cloud - KPIs

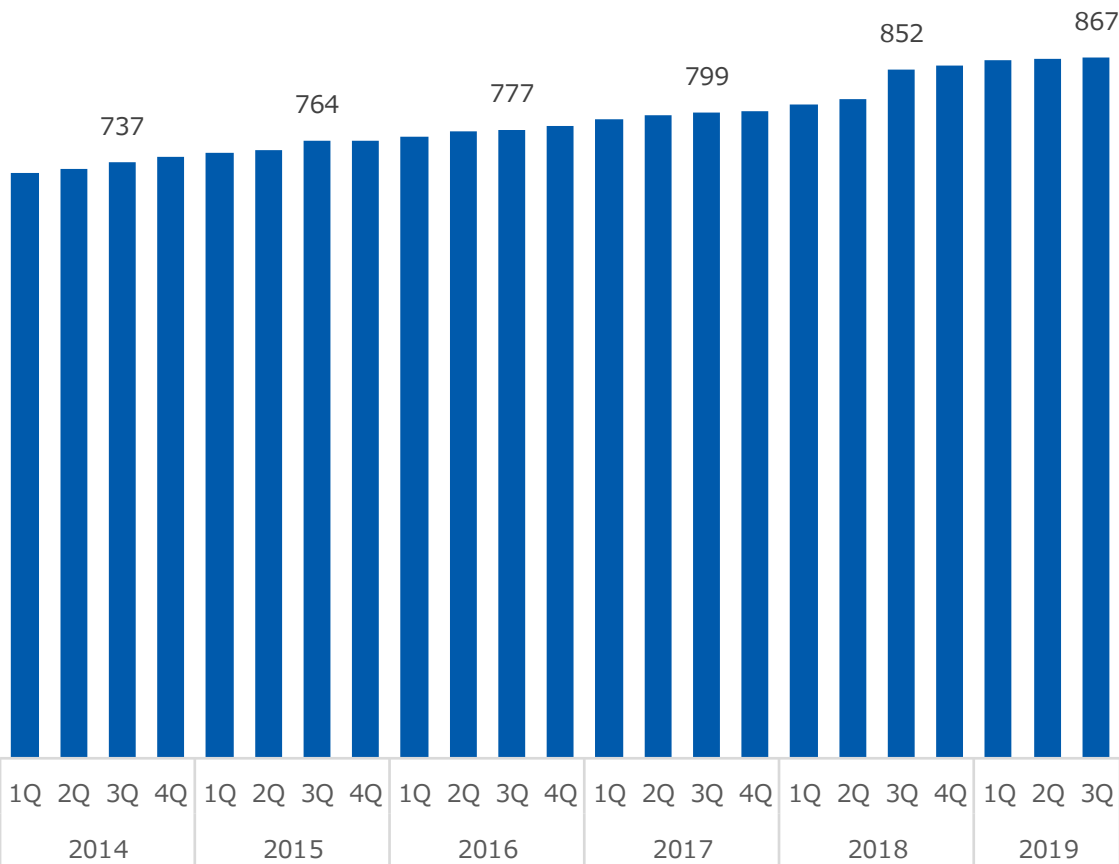
Revenue

(JPY millions)



Contracts

(thousands)



Internet Infrastructure | Ecommerce Solutions - KPIs

Revenue

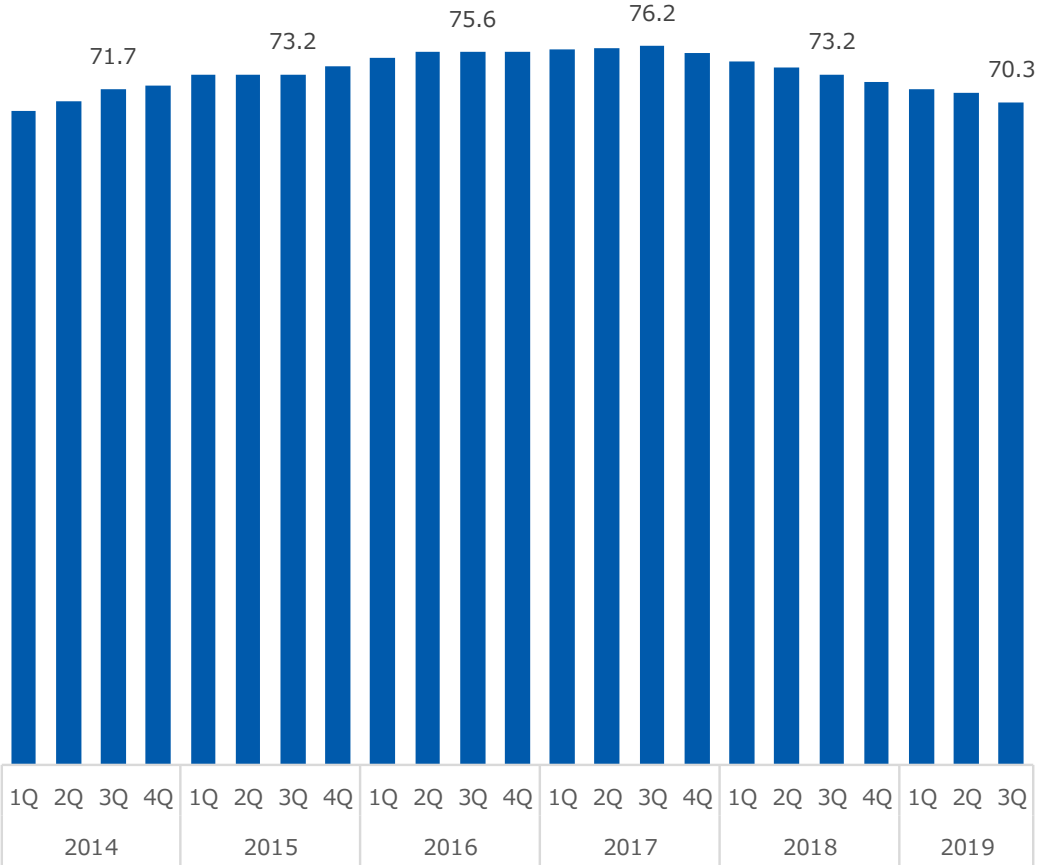
(JPY millions)

- Other
- Transaction revenue
- ASP cart (recurring revenue)



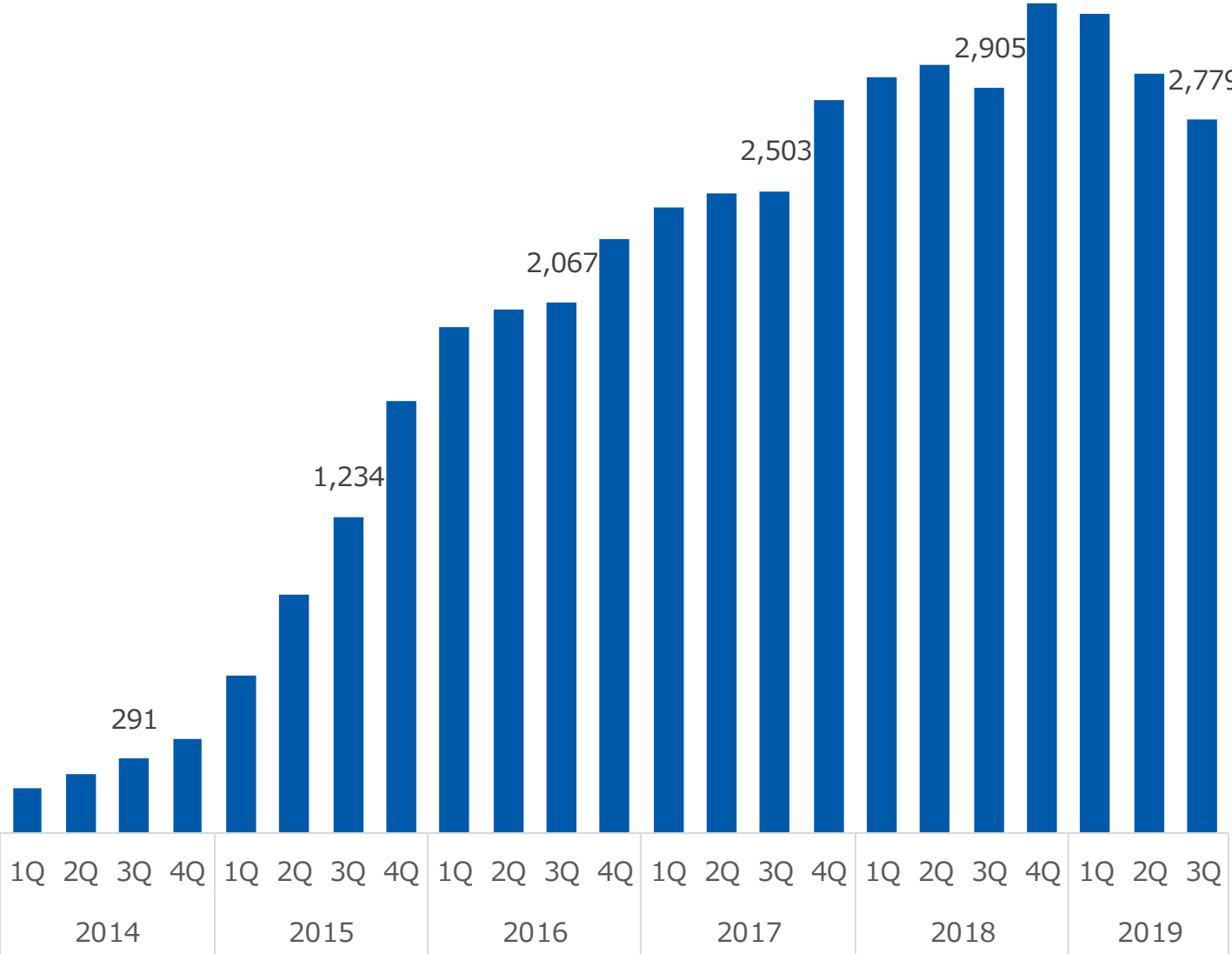
Contracts

(thousands)

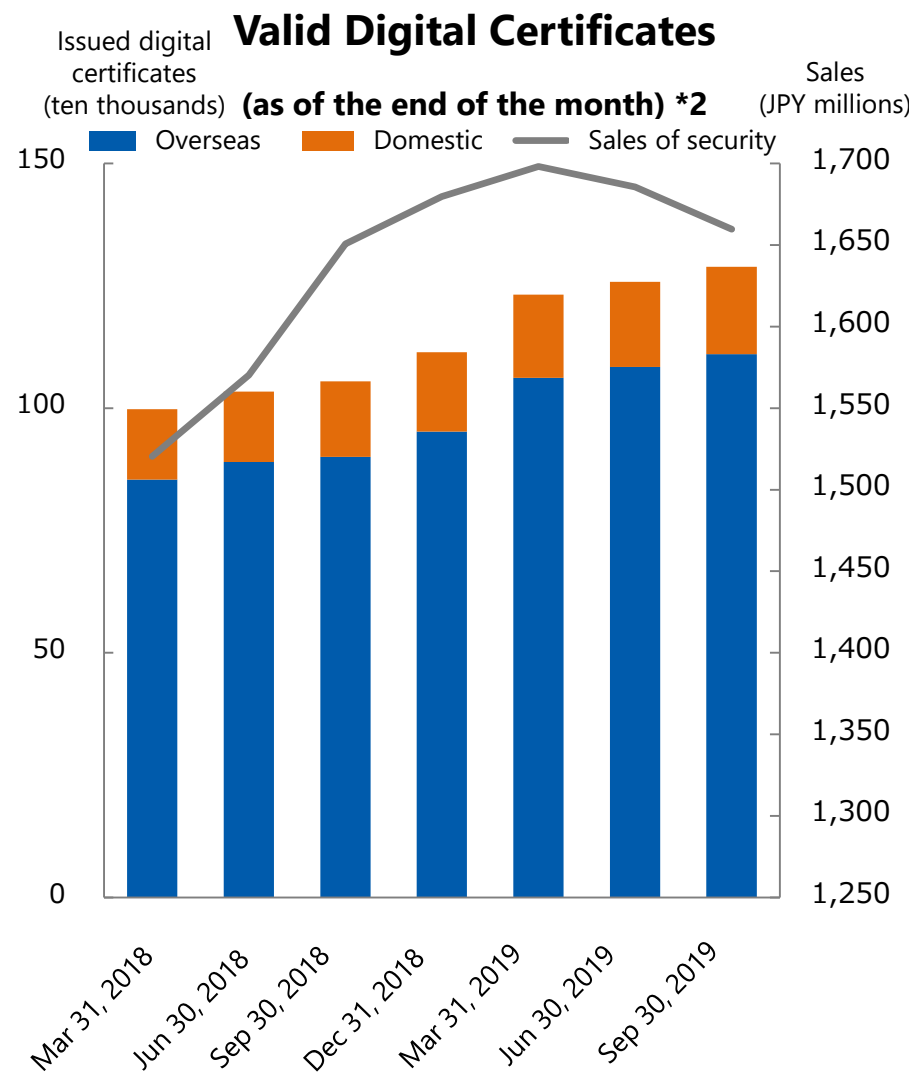
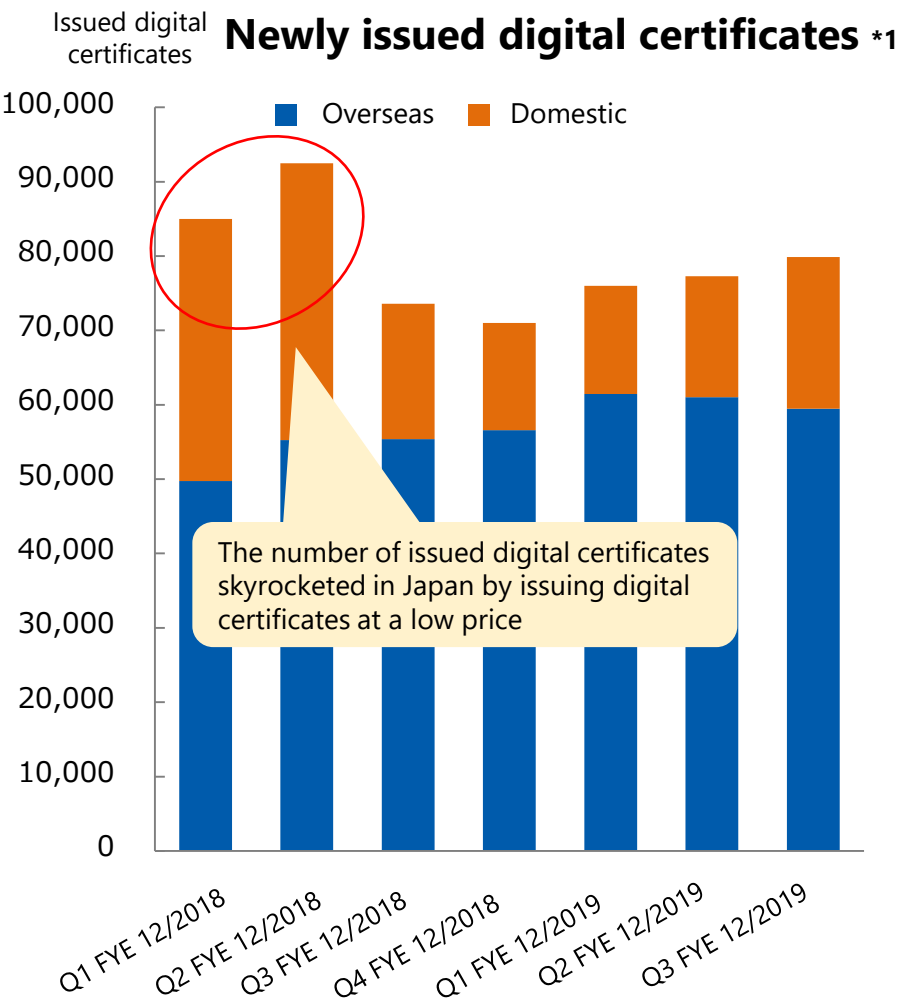


Internet Infrastructure | Ecommerce solutions business minne : Total transaction volume

(JPY millions)



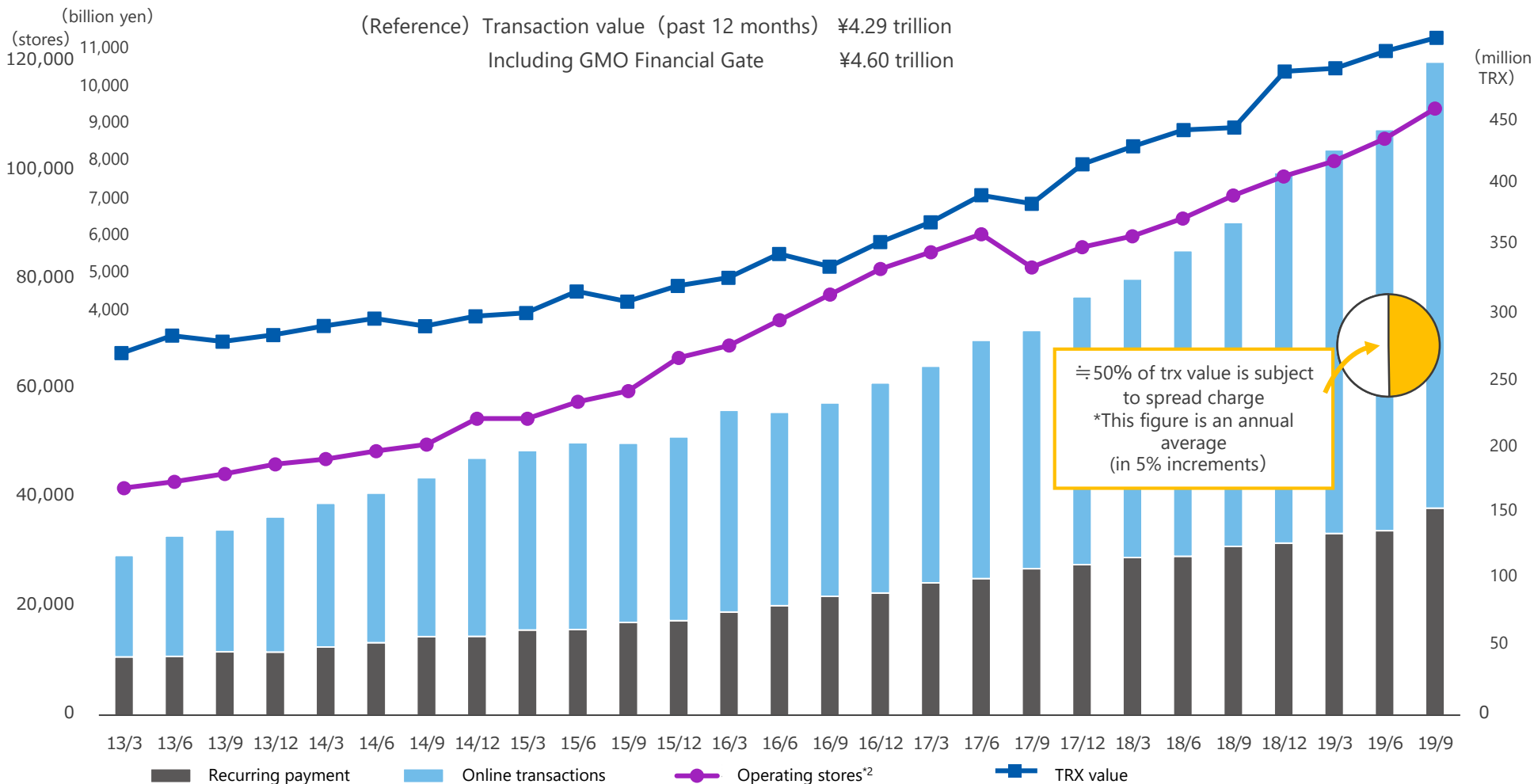
FY19 annual transaction volume
target of JPY 13.0B



*1 Adjusted number of unlimited issuance contract and monthly high-volume issuance. *2 The number of valid digital certificates is the number of certificates that are actually used.

Annual GMO-PG group-wide TRX value reaches ¥4.6 trillion

Operating stores: 111,425; TRX volume: 489 million, TRX value ¥1.12 trillion)*¹

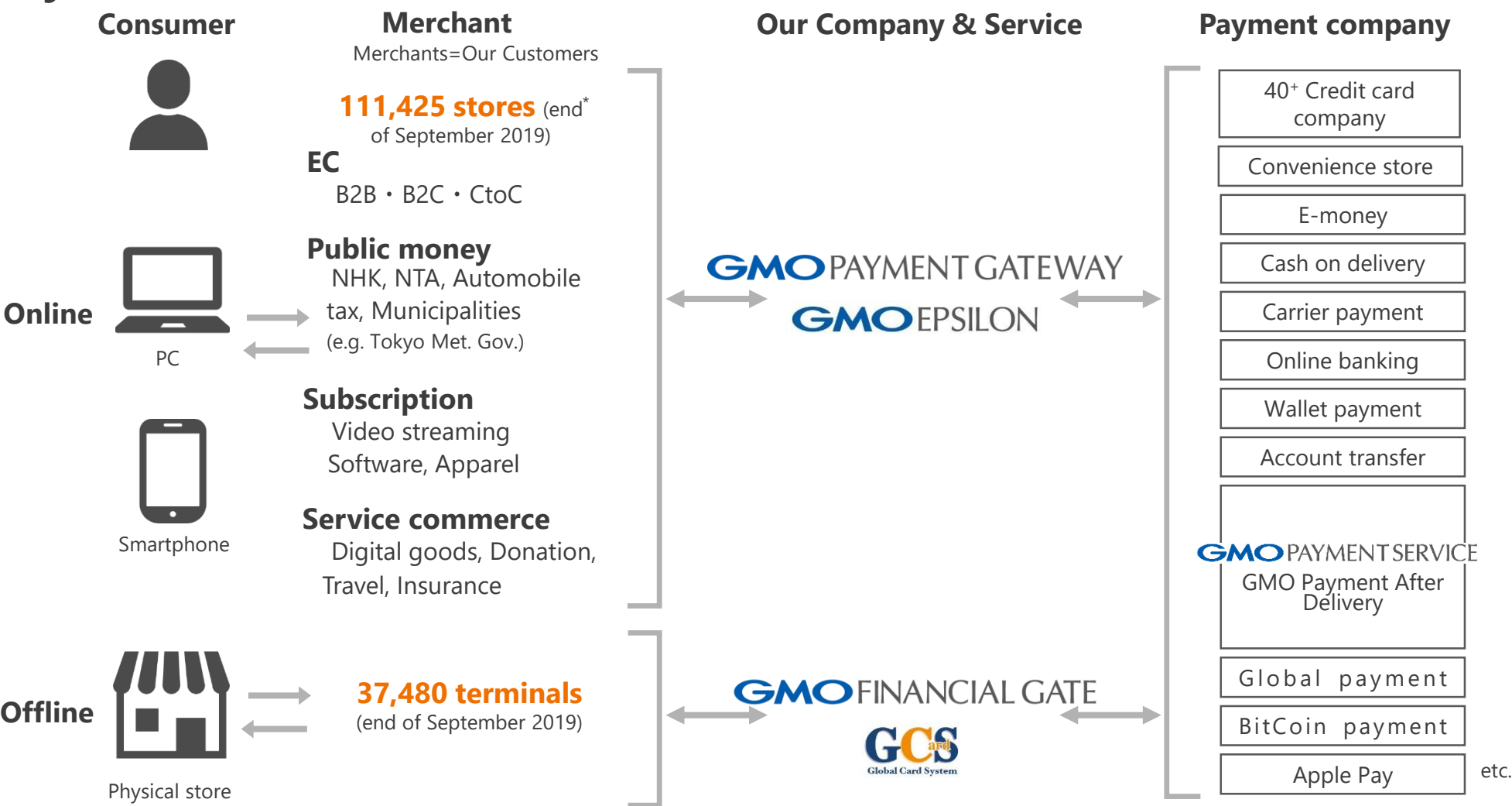


*1 Number of operating stores represents end-of-quarter figure, transaction value/volume represents figures represent sum total for the quarter.

*2 Excluding a significant one-off increase in operating stores from a specific merchant. If included, the total number of operating stores would reach 228,765 outlets by end-September 2019 (up 123.2% YoY)

Internet Infrastructure | Payment Processing - Overview

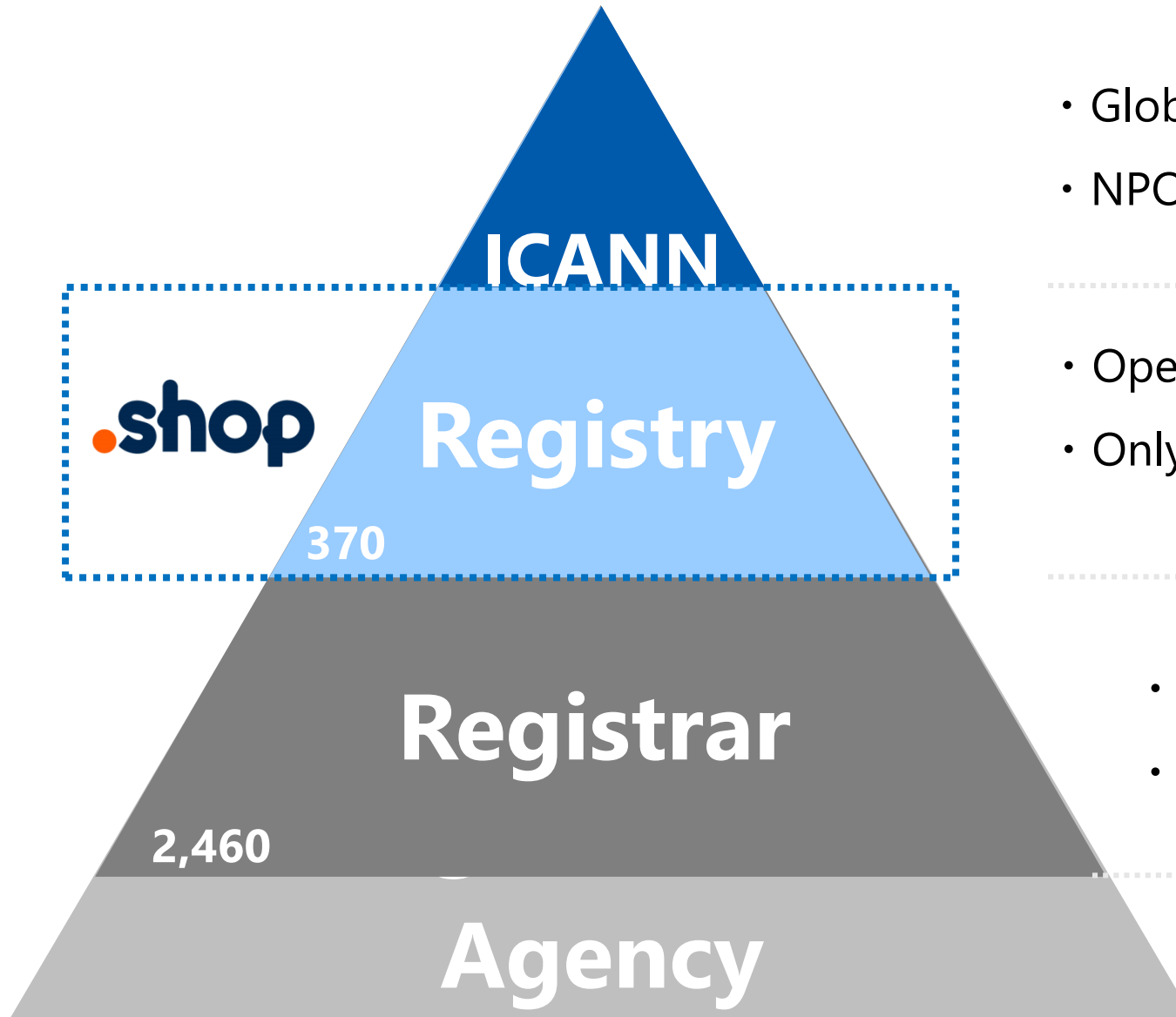
Connecting merchants and payment companies on contract, payment data and money flow



* Excluding a significant one-off increase in operating stores from a specific merchant. If included, the total number of operating stores would reach 228,765 outlets by end-September2019

*GMO Payment Gateway's presentation materials

Internet Infrastructure | Domains Industry Structure



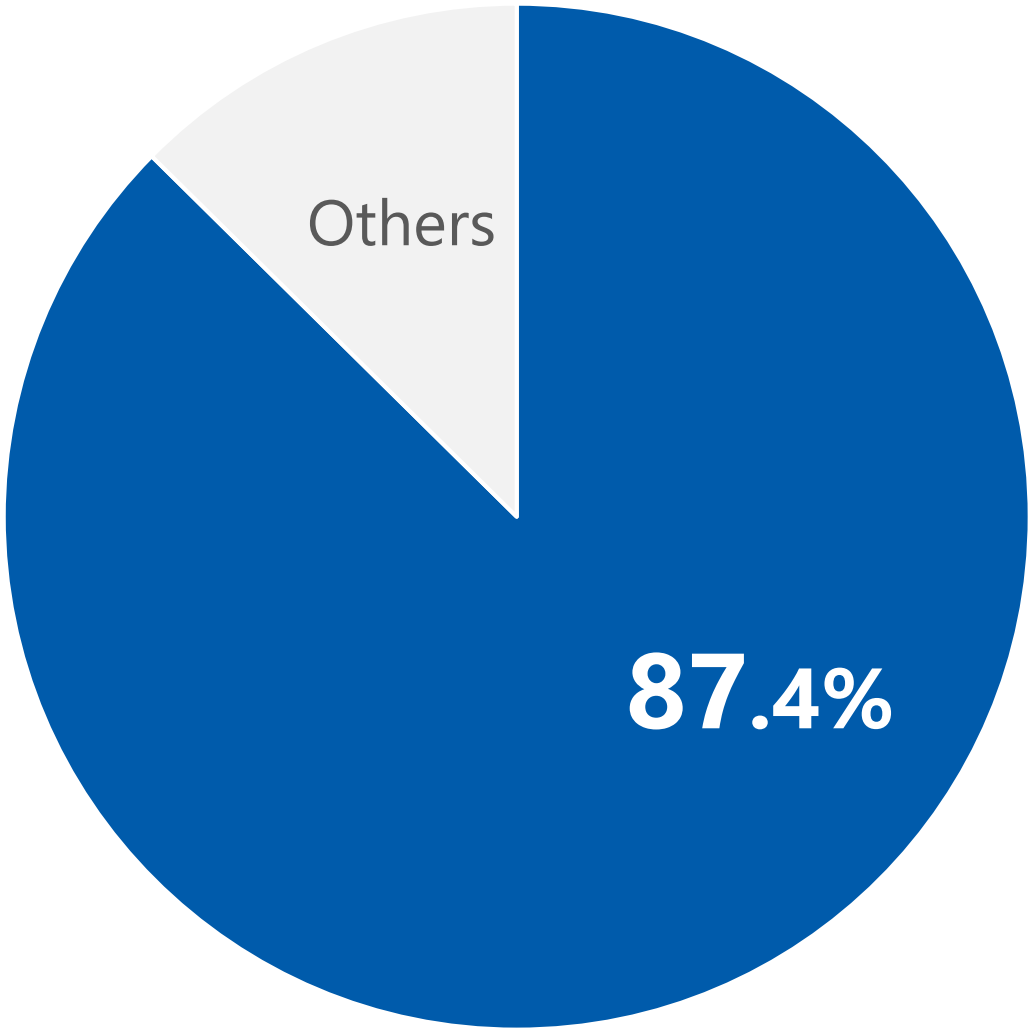
- Global domain management
- NPO

- Operators of .com, .net, etc.
- Only one operator per domain

- Domain registration sales
- Many registrar resellers

- Agency

Japan gTLD Operation and Management Market Share



No.1
in Japan
87.4%

GMO

REGISTRY

+

GMO

BrightsConsulting

.shop

.nagoya

.canon

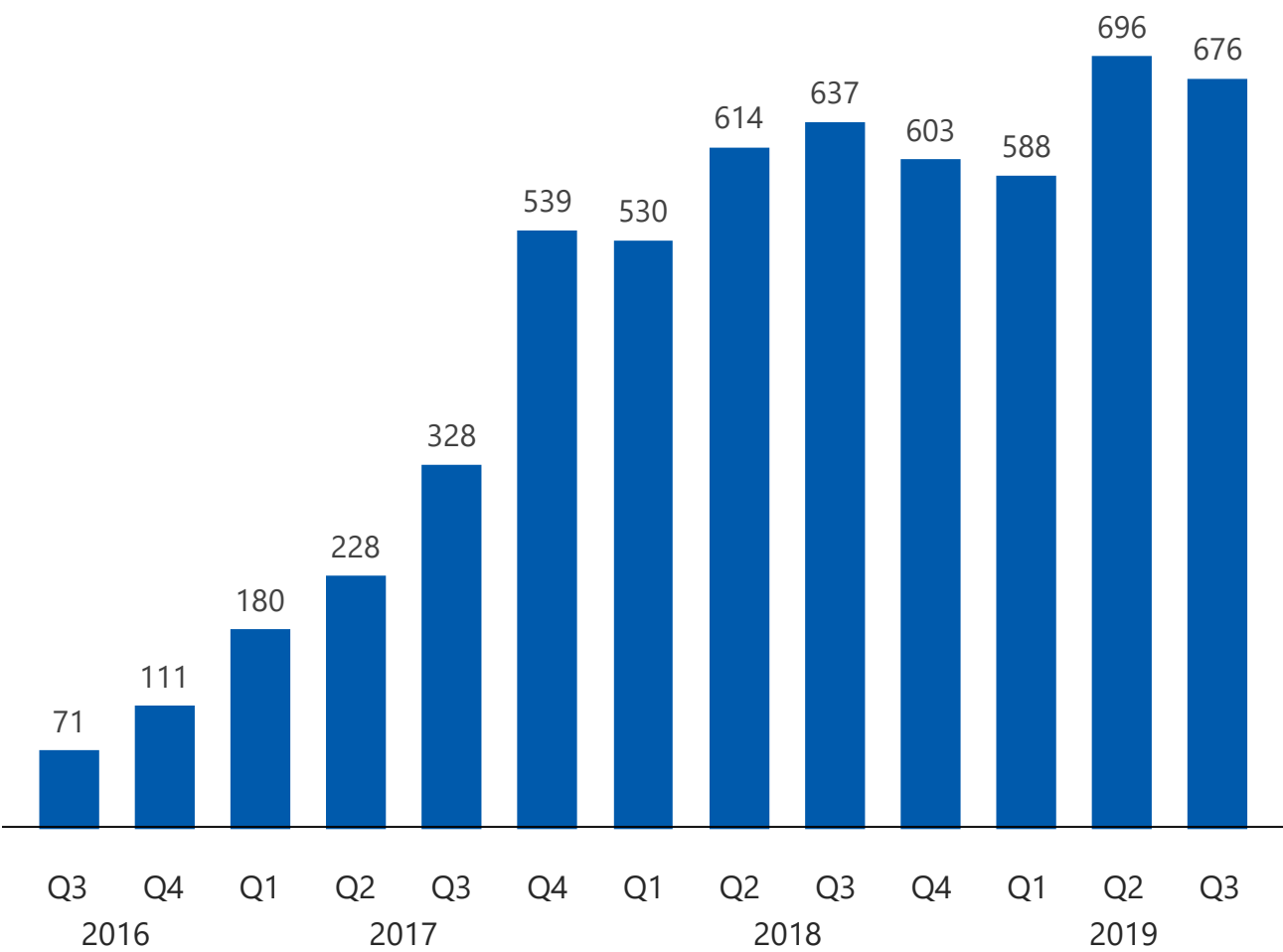
.tokyo

.yokohama

.hitachi

Internet Infrastructure | “.shop”: Registration progress

(thousands)



“.shop” came in 8th place for the category of New gTLD^{*1}

Renewal rate: **75.1%**^{*2}











New gTLD registration rankings

No. 1	.top	3.66M
No. 2	.icu	2.79M
No. 3	.xyz	2.69M
No. 4	.site	1.76M
No. 5	.club	1.41M
No. 6	.online	1.37M
No. 7	.vip	1.09M
No. 8	.shop	0.68M
No. 9	.work	0.65M
No. 10	.live	0.62M

^{*1}) Source: <https://ntldstats.com/tld/> (as of Oct 30, 2019)

^{*2}) Renewal rate for domains registered between October 2016 and July 2017 (2nd renewal)

Internet Infrastructure | Domains Global Registrars

1		6	
2		7	
3		8	
4		9	
5		10	

*As of July 2019. According to our aggregation of gTLD figures disclosed by ICANN.

Internet Finance | FX and securities: KPIs

FX

Trading Volume

(Jul-Sep, 2019)

JPY **206**_{tr}

JPY 182tr YoY

Share of Trading Volume

(Jul-Sep, 2019)

21.7 %

20.7% YoY

Customer Assets Balance

(As of September 30, 2019)

JPY **193.3**_B

JPY 165.7B

Securities

Trading Volume

(Jul-Sep, 2019)

JPY **2.4**_{tr}

JPY 3.6tr YoY

Share of Trading Volume

(Jul-Sep, 2019)

4.4 %

5.4% YoY

Margin Transaction Balance

(As of September 30, 2019)

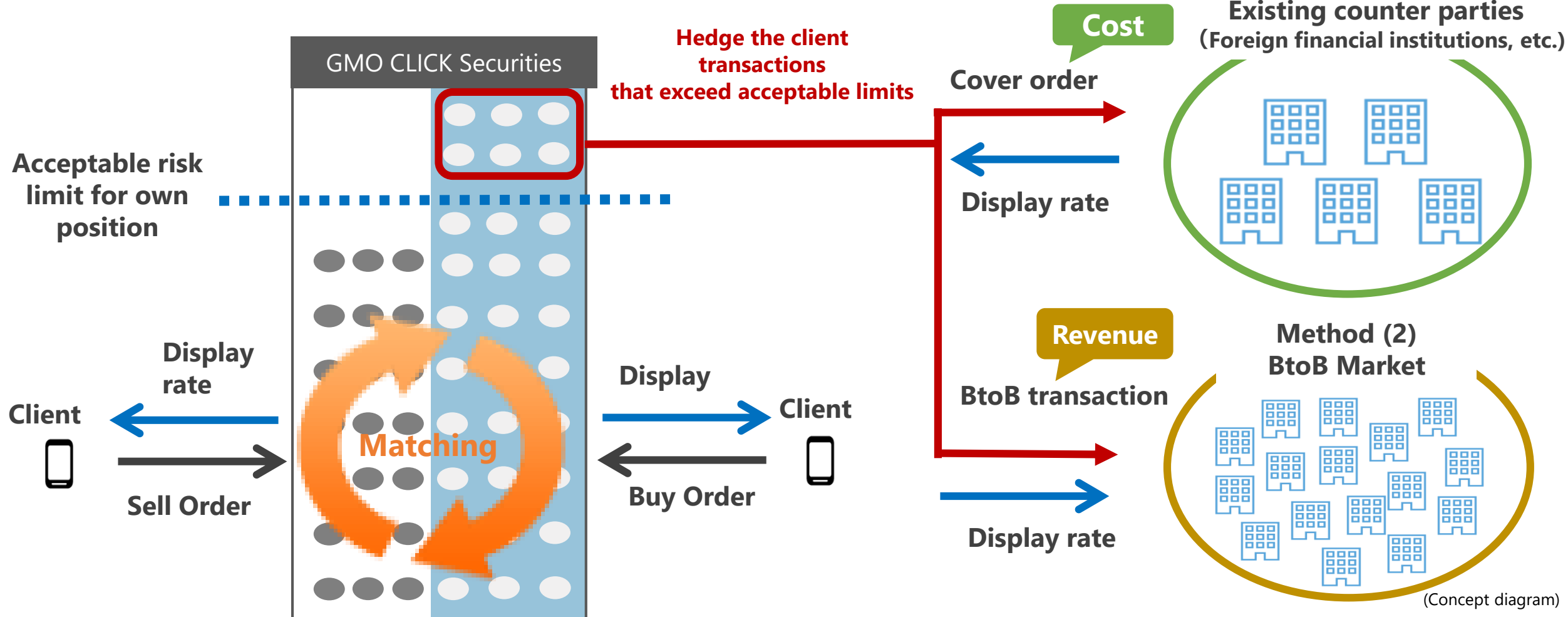
JPY **96.4**_B

JPY 117.6B

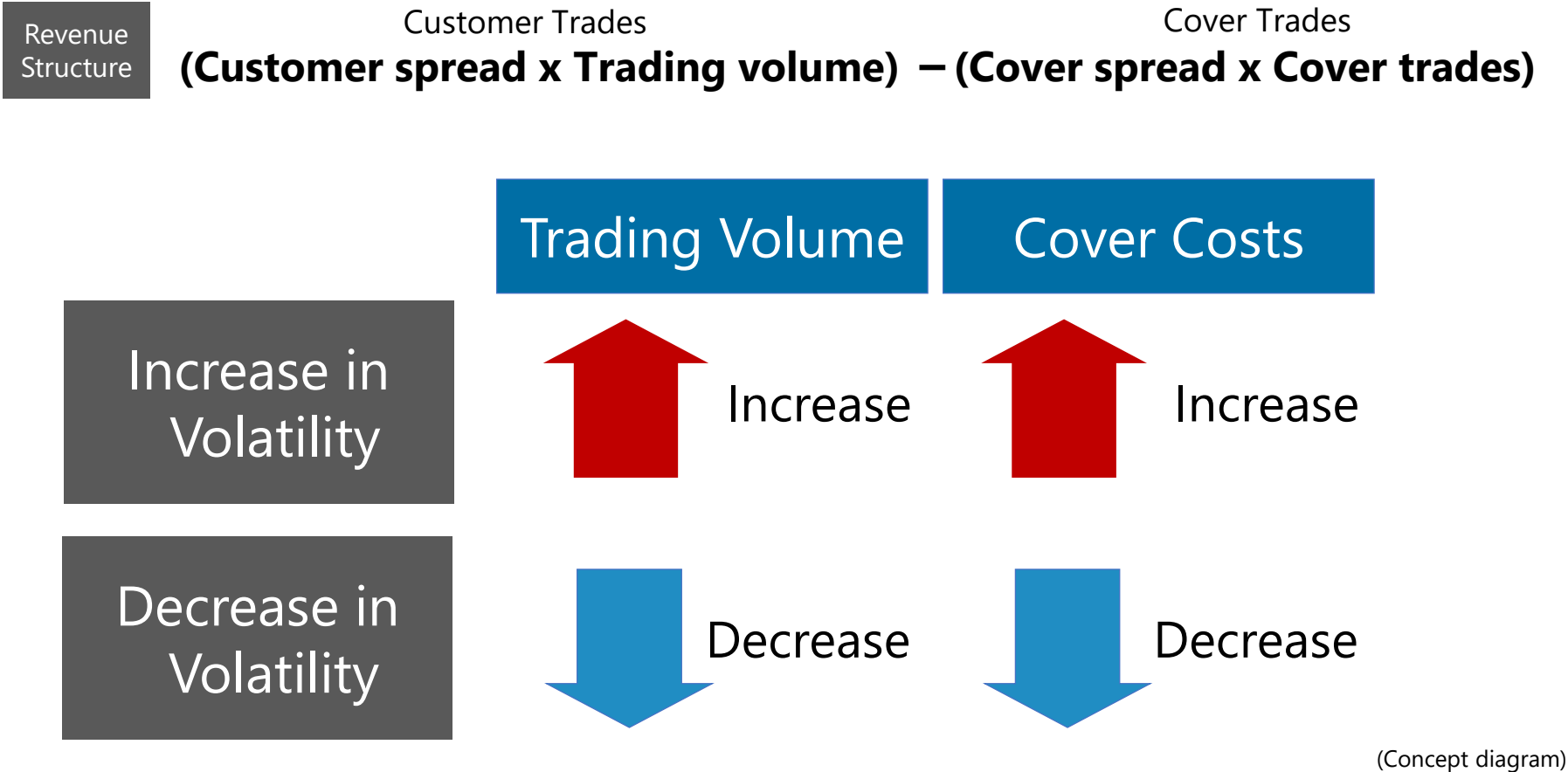
The share of trading volume for FX and securities are prepared based on Futures Association of Japan and Japan Exchange Group publication data.

Internet Finance | FX Business Model (Matching)

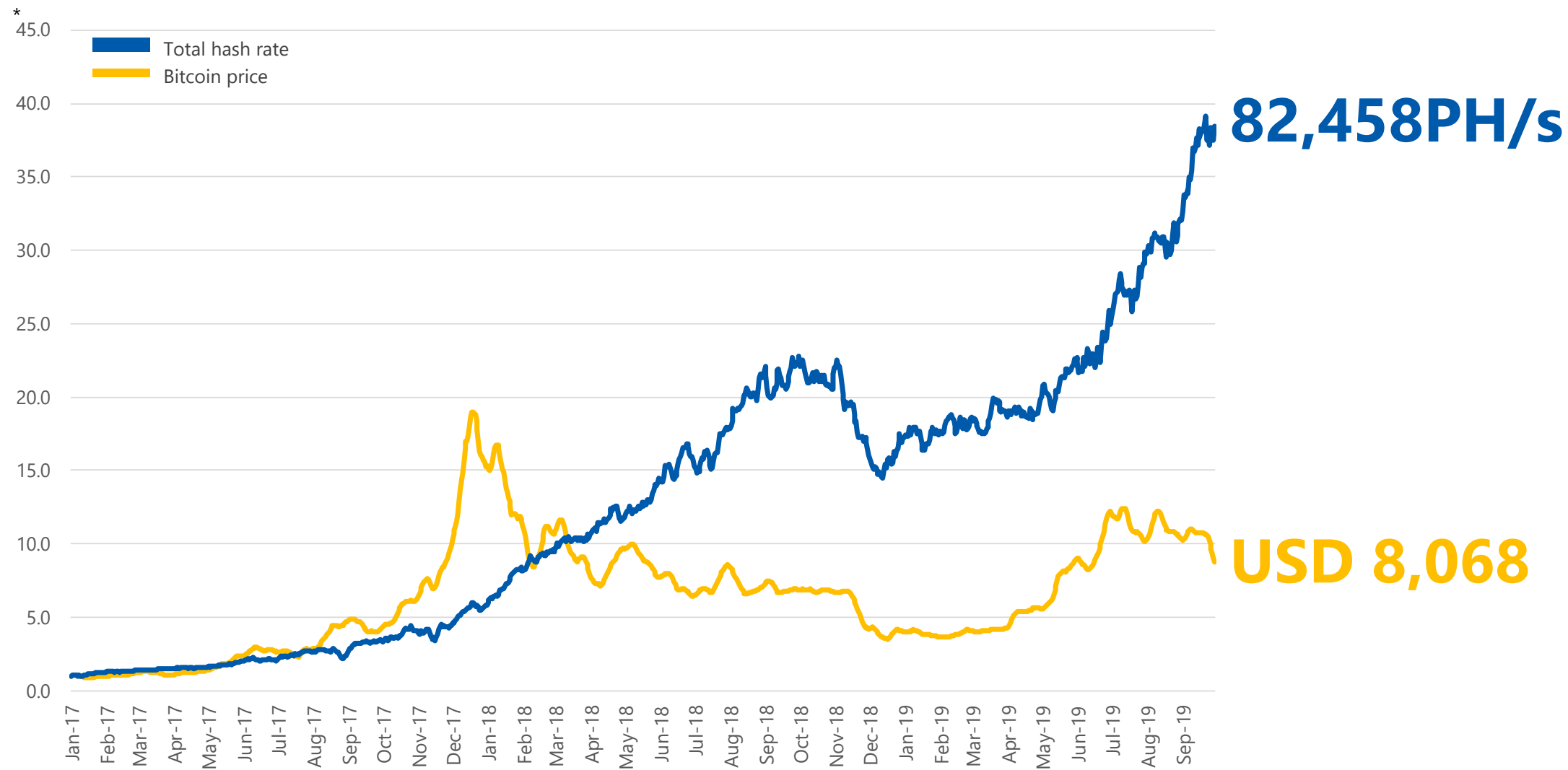
- Effective matching and thorough risk minimization with cover transactions executed with counter parties as soon as customer orders exceed acceptable risk position.
- As a new hedging method, "BtoB" is in trial to reduce cover costs and generate profits.



Internet Finance | FX Volatility and Revenues

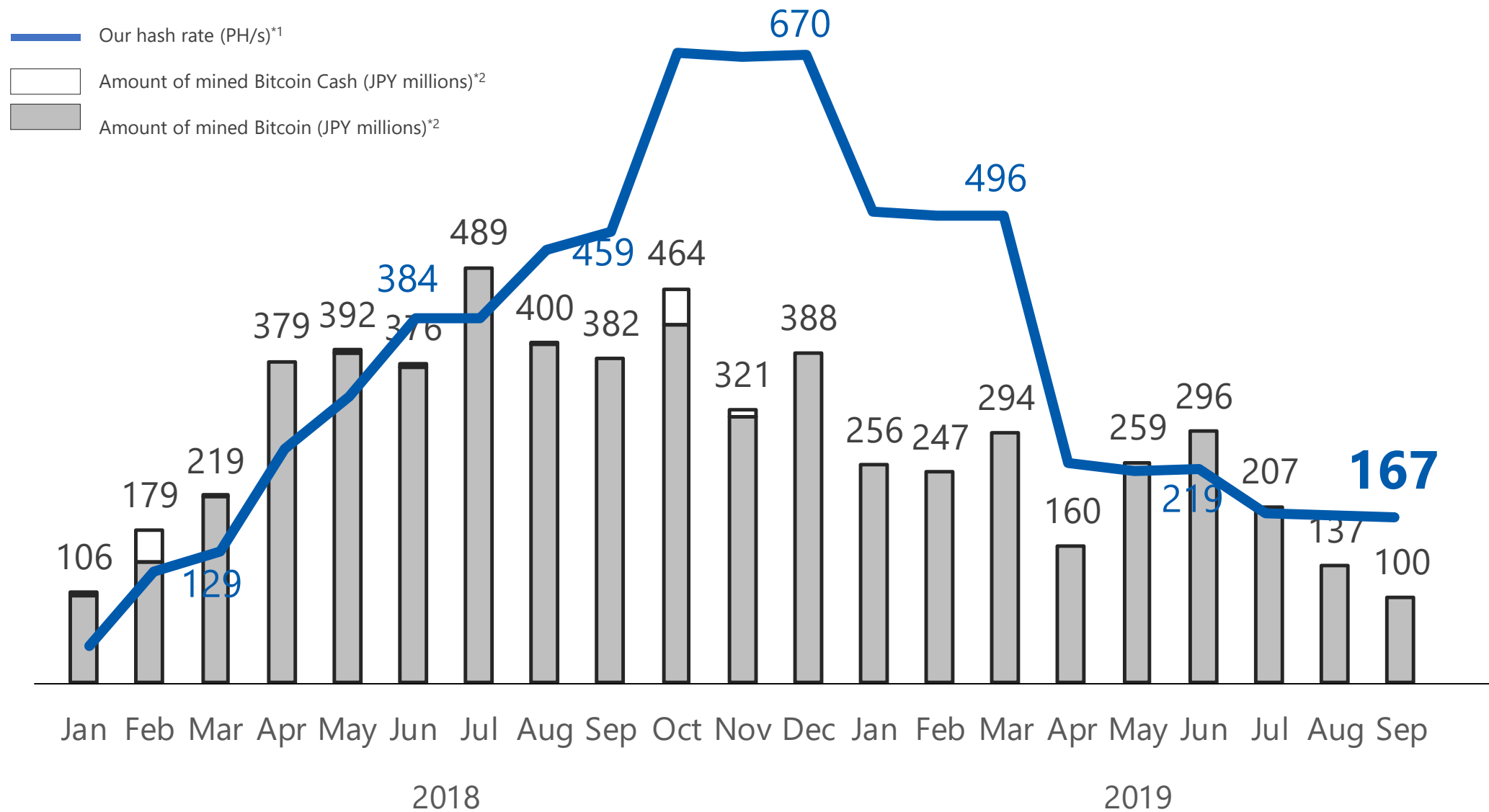


Cryptocurrency mining | Bitcoin macro data



* Total hash rate and Bitcoin price are graphed assuming their values at the start of 2017 are 1.

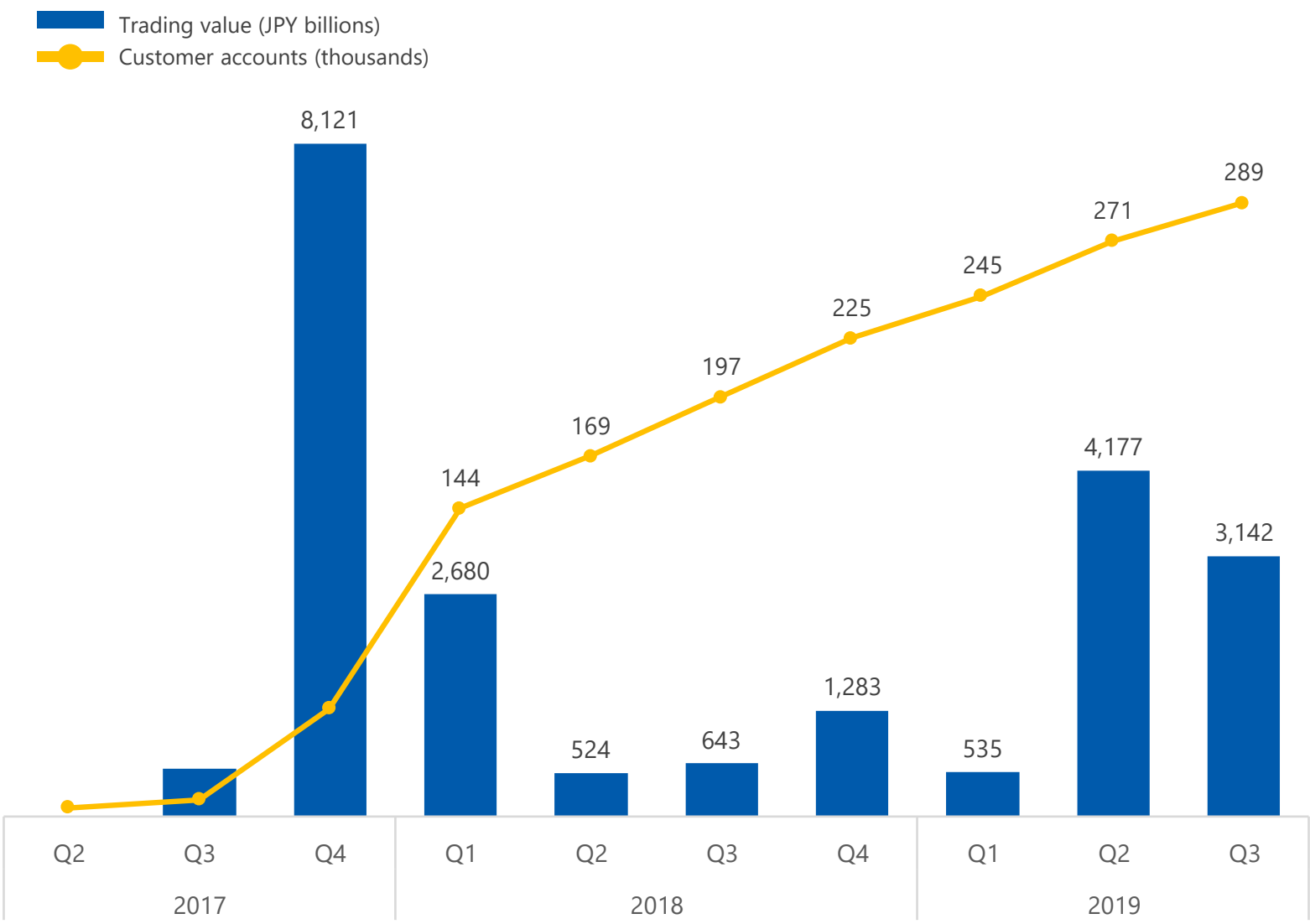
Cryptocurrency mining | Our hash rate and the amount of mined Bitcoin



*1 GMO Internet's mining abilities

*2 Reference value based on amount of mined Bitcoin and Bitcoin Cash and the rate as of the end of each month (i.e. not the precise mining revenue)

Cryptocurrency exchange | Trading value and customer accounts



Trading value increased rapidly due to price rises

Customer accounts are growing steadily

Customer first at any time to become the

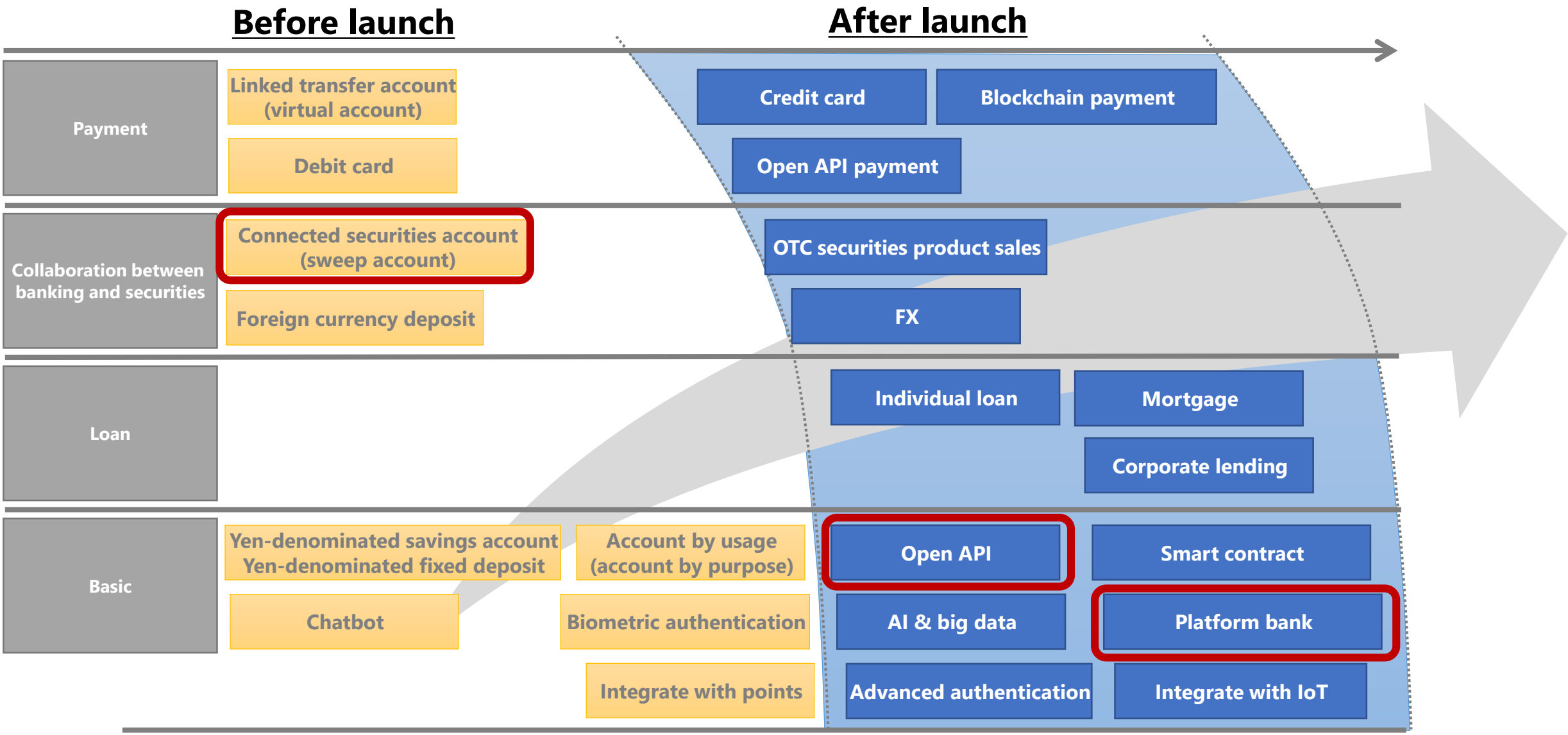
No.1 technology bank



Our objective is a differentiation with existing banks by utilizing technology, offering customers **5 values**.



*Source: GMO Aozora Net Bank launch presentation on July 17, 2018



*Source: GMO Aozora Net Bank launch presentation on July 17, 2018